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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:

MSR RESORT GOLF COURSE LLC, *et al.*,

Debtors.

)
) Chapter 11
)
) Case No. 11-10372 (SHL)
)
) Jointly Administered
)

**LIMITED RESPONSE OF PGA WEST MEMBERS ASSOCIATION TO
THE DEBTORS' (I) PROPOSED INTERIM ORDER AUTHORIZING
USE OF CASH COLLATERAL SALE [DOC NO. 106] AND
(II) POSTPETITION FINANCING MOTION [DOC. NO. 107]**

PGA West Members Association ("PGA West Members Association"), by and through its undersigned counsel, submits this statement (the "Statement") to the Debtors' (i) proposed *Order (A) Authorizing Debtors to (I) Use the Prepetition Secured Parties' Cash Collateral and (II) Provide Adequate Protection to the Prepetition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362 and 363 and (B) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(b) [doc. no. 106] (the "Fourth Interim Cash Collateral Order")*; (ii) *Motion of MSR Resort Golf Course LLC, et al., for the Entry of Interim and Final Orders (I) Authorizing the Debtors to*

Obtain Postpetition Financing and (II) Scheduling a Final Hearing [doc. no. 107] (the “DIP Financing”), and respectfully states as follows:

Limited Response

1. PGA West Members Association is an association consisting of current and active members of The Club at PGA West (the “PGA West”) with respect to the La Quinta Resort & Club PGA West located in Coachella Valley, Riverside County, California (together with PGA West, “La Quinta”).

2. The primary interest of the PGA West Members Association is the continued operation of PGA West and the maintenance of the properties, facilities, amenities, activities and services of PGA West at the highest standards to be expected at a world-class facility.

3. The PGA West Members Association expects that funds to be made available to the Debtors pursuant to the Fourth Interim Cash Collateral Order and the DIP Financing should be used for, among other things, the continued operation of PGA West and to honor and satisfy all benefits, privileges and obligations for the benefit of the members at PGA West.

4. However, the PGA West Members Association is unable to evaluate whether its interests will be protected without obtaining further information.¹ The PGA West Members Association requests that the Debtors provide to the PGA West Members Association all budgets, reporting and other financial disclosures provided to the Prepetition Secured Parties and DIP Lender in the same form and at the same time as provided to the Prepetition Secured Parties and DIP Lenders (including, without limitation, the budgets and reporting set forth in paragraphs 4(b)-(d) and 6(d) of the Fourth Interim Cash Collateral Order and paragraph 11 of the proposed interim order authorizing the DIP Financing) related to La Quinta (including any breakdown

¹ For example, as of the date hereof, the Debtors have failed to file a budget with respect to the Fourth Interim Cash Collateral Order and the DIP Financing.

between the resort operations and the PGA West club operations), and/or the Debtors related thereto.²

5. At this time, the PGA West Members Association does not object to the Debtors request to access funds pursuant to the Fourth Interim Cash Collateral Order and the DIP Financing, subject (i) assurances by the Debtors that proceeds under the Fourth Interim Cash Collateral Order and the DIP Financing will be used to continue operations at PGA West and to maintain PGA West's world-class properties, facilities, amenities, activities and services, and (ii) the receipt of the budgets, reporting and other financial disclosures regarding La Quinta (including any breakdown between the resort operations and the PGA West club operations), and/or the Debtors related thereto.

WHEREFORE, the PGA West Membership Association respectfully requests that the Court subject approval of the Fourth Interim Cash Collateral Order and the DIP Financing on the provision by the Debtors to the PGA West Members Association of (i) assurances by the Debtors that proceeds under the Fourth Interim Cash Collateral Order (including any member dues) and the DIP Financing will be used to continue operations at PGA West and to maintain PGA West's world-class properties, facilities, amenities, activities and services, and (ii) the receipt of the budgets, reporting and other financial disclosures regarding La Quinta (including any breakdown between the resort operations and the PGA West club operations), and/or the Debtors related thereto.

² The PGA West Members Association does not intend to disseminate any such information received to all of its members. Rather, the PGA West Members Association is willing to designate certain members, such as its advisory board and its legal professionals (and financial professionals, if any) to receive such information and to execute a reasonable confidentiality agreement acceptable to the parties.

Dated: March 10, 2011
New York, New York

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